



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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June 12, 2012

The Honorable Derrick D. Schofield, Commissioner, Department of Correction
The Honorable Karl Dean, Metropolitan Nashville - Davidson County Mayor
The Honorable Daron Hall, Metropolitan Nashville - Davidson County Sheriff

To the Commissioner, County Mayor, and Sheriff:

Our office has recently completed a review of Metropolitan Government of Nashville and Davidson County (Metro Nashville) CCA Facility's participation in the County Correctional Incentive Program for the year ended June 30, 2010.

The findings and recommendations and the summary of adjustments to costs and inmate days, as a result of our review, are presented in detail in the enclosed report. The following is a summary of the results of our review:

1. Net operating costs were not properly reported on the Final Cost Settlement Report.
2. The total inmate population was not accurately reported to the state.
3. We discovered that 1,537 inmate days were overreported and 31 felon days were overreported. The effect of these adjustments to the Final Cost Settlement Report was to increase the Metro Nashville CCA Facility's average daily cost from \$43.91 to \$44.05 per inmate day. Tennessee Department of Correction has agreed to pay some felon days at the Metro Nashville Jail Facility's maximum reimbursement rate of \$35 per inmate day and to pay the remaining days at the Metro Nashville CCA Facility's average daily cost. These errors resulted in a total underpayment of \$47,894 to the CCA Facility's participation in the County Correctional Incentive Program for the year ended June 30, 2010. Since the underpayment was made after the Final Cost Settlement, adjustments should be made in subsequent monthly payments.

Please contact me if you have any questions regarding our review of the Metropolitan Government of Nashville and Davidson County CCA Facility's participation in the County Correctional Incentive Program.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Arnette". The signature is fluid and cursive, with the first name "James" being more prominent.

James R. Arnette, Director

cc: Judith Lambert, Judicial Cost Accountant

**METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY CCA FACILITY
REPORT ON THE REVIEW OF THE
COUNTY CORRECTIONAL INCENTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2010**

This report reviews the Metropolitan Government of Nashville and Davidson County (Metro Nashville) CCA Facility's participation in the County Correctional Incentive Program for the year ended June 30, 2010.

As a result of our review, we discovered that 1,537 inmate days were overreported and 31 felon days were overreported. The effect of these adjustments to the Final Cost Settlement Report was to increase the Metro Nashville CCA Facility's average daily cost from \$43.91 to \$44.05 per inmate day. Tennessee Department of Correction has agreed to pay some felon days at the Metro Nashville Jail Facility's maximum reimbursement rate of \$35 per inmate day and to pay the remaining days at the Metro Nashville CCA Facility's average daily cost. Due to this cost arrangement, these errors resulted in a total underpayment of \$47,894 to the CCA Facility's participation in the County Correctional Incentive Program. Since the underpayment was made after the Final Cost Settlement, adjustments should be made in subsequent monthly payments.

The objectives of the review were:

1. to determine the reasonableness and allowability of costs reported on the Final Cost Settlement Report submitted to the Tennessee Department of Correction,
2. to determine if prisoners were properly listed on the State Prisoner (Convicted Felon) Reports,
3. to determine if inmates were accurately reported on the Correction Facility Summary Reports, and
4. to recommend appropriate actions to correct any deficiencies.

SCOPE OF THE REVIEW

In performing our review, we tested the county's financial records and other supporting records pertaining to the Final Cost Settlement Report for the year ended June 30, 2010. We determined the reasonableness and allowability of reported costs by tracing reported expenditures to the correctional facility's ledgers and worksheets.

Furthermore, we evaluated procedures related to the counting and reporting of the total inmate population as reported on the Correction Facility Summary Reports and the Final Cost Settlement Report. We also performed testwork on selected days to determine that the number of prisoners reported on the cost reports agreed with counts of prisoners actually incarcerated at the facility.

In addition, we tested the proper classification of convicted felons listed on the State Prisoner Reports to ensure accurate reporting. Testwork included tracing information from the reports to the actual case files to verify the listed offenses, trial dates, and incarceration periods.

FINDINGS AND RECOMMENDATIONS

The findings and recommendations, as a result of our review, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to the findings and recommendations; however, these oral responses have not been included in this report.

FINDING 10.01 **NET OPERATING COSTS WERE NOT PROPERLY REPORTED ON THE FINAL COST SETTLEMENT REPORT**

The Final Cost Settlement Report submitted by Metro Nashville for the operations of its CCA Facility for the year ended June 30, 2010, contained inappropriate costs for some pre-trial misdemeanor days, which were not allowed by the management contract. This resulted in a decrease to net operating costs totaling \$13,181.

RECOMMENDATION

Management should ensure that the Final Cost Settlement Report submitted to the state accurately reflects the actual net operating costs of the facility as defined in the regulations for the County Correctional Incentive Program.

FINDING 10.02 **THE TOTAL INMATE POPULATION WAS NOT ACCURATELY DETERMINED**

Metro Nashville did not accurately count and assess the total inmate population as reported to the state on the Correctional Facility Summary Report (CFSR) and the Final Cost Settlement Report.

The “Guidelines for Determining Reasonable Allowable Cost for State Prisoners” states that “during the year a monthly report (Correction Facility Summary Report) will be filed with the Judicial Cost Accountant, which summarizes all prisoners incarcerated in the facility.”

The correction of the aforementioned error was a decrease of the total inmate population by 1,537 inmate days. Overstating the total inmate population decreases the reimbursement paid to the county.

RECOMMENDATION

Since the determination of the total inmate population plays a critical role in the calculation of the reimbursement paid to the county to house convicted felons, extreme care should be taken in the determination of the total inmate population.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY CCA FACILITY
SUMMARY OF ADJUSTMENTS TO COSTS AND INMATE DAYS
FOR THE YEAR ENDED JUNE 30, 2010**

The following is a summary of adjustments made to the inmate days as settled in the field review by the Tennessee Department of Correction. The adjustments, as a result of our review, are discussed in detail in the Findings and Recommendations section.

	Operating Costs	Inmate Days	Felon Days
As Settled in the 2010 Field Review	\$ 17,401,377	396,265	387,354
Overreported Management Contract	(13,181)		
Overreported Inmate Days		(1,537)	
Overreported Felon Days			(31)
Total Adjusted Costs and Inmate Days	<u>\$ 17,388,196</u>	<u>394,728</u>	<u>387,323</u>

We discovered that 1,537 inmate days were overreported and that 31 felon days were overreported. The effect of these adjustments to the Final Cost Settlement Report increased the Metro Nashville CCA Facility's average daily cost from \$43.91 to \$44.05 per inmate day. Tennessee Department of Correction has agreed to pay some felon days at the Metro Nashville Jail Facility's maximum reimbursement rate of \$35 per inmate day and to pay the remaining days at the Metro Nashville CCA Facility's average daily cost. As a result of this cost arrangement, these errors resulted in a total underpayment of \$47,894 to the CCA Facility's participation in the County Correctional Incentive Program. Since the underpayment was made after the Final Cost Settlement, adjustments should be made in subsequent monthly payments.